



*FY18 Superintendent's Budget Recommendation  
School Committee Presentation  
December 15, 2016*

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# FY18 Budget Superintendent's Recommendation

## Level Service Budget

What Does “Level Service” Mean?

*Level Service is a continuation of the current programs, services and staffing of the District.*

For FY18, this represents (vs FY17B):

- An increase to our Gross Operating Expenses of \$1,051,297 or 3.48%  
*and*
- An increase in the Total Assessment to the Towns of \$339,057 or 1.3%



# FY18 Budget

## Superintendent's Recommendation

### Why “Level Service” for FY18?

- *Acknowledges the fiscal challenges of our Member Towns*
- *Emphasizes District-wide Curriculum Initiatives and related Professional Development efforts that don't translate into significant increases in funding needs*
- *Prioritizes the Master Plan*
  - *Working with an Architectural Design Firm to develop plans to redesign the HS/MS Library Media Center and the Elementary School Libraries.*
  - *With an overarching goal of creating “Future Ready” spaces that support inquiry, digital citizenship, project-based learning, collaboration, and allow students and faculty to create, share and perform.*



# FY18 Budget: Level Service

## *Key Assumptions*

- **Salary Costs**
  - Incorporates a 2.5% COLA increase for all personnel.
  - Incorporates all other contractual salary obligations (e.g. STEPs).
  - Reduction of 4.0 FTE's and \$225K in salary costs.
  - Incorporates Retirement and Other Staff Replacement salary savings of \$187K.
  - Level funds all Grants as compared to FY17.
- **Operating Costs**
  - No new Services or Programs.
  - Level funds the majority of operating account categories.
  - Exceptions to level funding include, most notably:
    - Out-of-District Tuition Costs increasing by 25.0% or \$513K
    - Special Ed Transportation Costs increasing by 15.5% or \$65K
    - Essex Retirement Pension Fund increasing by 7.5% or \$63K
    - Healthcare Premiums increasing by 5.0% or \$137K
    - OPEB Trust Fund increasing by 100% or \$50K
    - Capital Projects reducing by 35.8% or <\$112K>

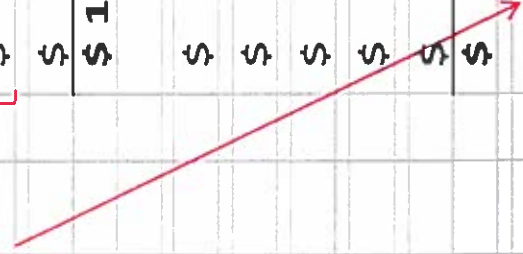


# FY18 Budget – Primary Drivers

## Level Service Gross Operating Expense Budget

Driver	Impact: FY18B vs FY17B	
	\$	Incr %
All Staff COLAs	\$ 480,000	1.6%
Teacher STEPS	\$ 216,000	0.7%
Teacher Degree Changes	\$ 40,000	0.1%
Essex Retirement Pension Fund Appropriation	\$ 63,000	0.2%
Out-of- District Tuitions	\$ 513,000	1.7%
Out-of- District Transportation	\$ 65,000	0.2%
Healthcare Premiums	\$ 137,000	0.5%
OPEB Trust Fund	\$ 50,000	0.2%
Net All Other Operating Expenses	\$ 14,000	0.0%
<b>Subtotal Increases:</b>	<b>\$ 1,578,000</b>	<b>5.2%</b>
Capital Projects	\$ (112,000)	-0.4%
Staff Replacement Cost Savings Carryover	\$ (61,000)	-0.2%
Staff Reductions (4.0 FTE)	\$ (225,000)	-0.7%
Anticipated Staff Retirement Replacement Savings	\$ (61,000)	-0.2%
Anticipated Staff Replacement Savings	\$ (65,000)	-0.2%
<b>Subtotal Decreases:</b>	<b>\$ (524,000)</b>	<b>-1.7%</b>
<b>TOTALS:</b>	<b>\$ 1,054,000</b>	<b>3.5%</b>

These fixed costs account for \$828K or 79% of our increase.





# FY18 Budget – Expense Category Analysis

## Level Service Gross Operating Expense Budget

Expense Category	FY18 Gross Expenses		Compared to FY17		
	Tot \$	% of Tot	PY Bud \$	Chg \$	Chg %
Salaries	\$ 19,812,686	63.5%	\$ 19,502,090	\$ 310,596	1.6%
Out-of-District Tuition	\$ 2,563,506	8.2%	\$ 2,050,503	\$ 513,003	25.0%
Healthcare	\$ 2,430,625	7.8%	\$ 2,294,132	\$ 136,492	5.9%
In-District Transportation	\$ 738,700	2.4%	\$ 771,009	\$ (32,309)	-4.2%
Essex Retirement	\$ 897,496	2.9%	\$ 834,880	\$ 62,616	7.5%
Utilities	\$ 597,530	1.9%	\$ 599,609	\$ (2,078)	-0.3%
Facilities, Maintenance & Custodial (non-salary)	\$ 621,475	2.0%	\$ 666,750	\$ (45,275)	-6.8%
Technology (non-salary)	\$ 611,182	2.0%	\$ 625,860	\$ (14,678)	-2.3%
Out-of-District Transportation	\$ 486,000	1.6%	\$ 420,488	\$ 65,512	15.6%
Other Fringe (Medicare, Unemployment, 403B)	\$ 433,965	1.4%	\$ 455,601	\$ (21,636)	-4.7%
Substitute Teachers	\$ 229,625	0.7%	\$ 219,000	\$ 10,625	4.9%
School Materials, Supplies & Textbooks	\$ 303,904	1.0%	\$ 274,804	\$ 29,100	10.6%
Athletics (non-salary)	\$ 224,706	0.7%	\$ 224,920	\$ (214)	-0.1%
District Insurance (Property, Liability & WC)	\$ 173,031	0.6%	\$ 147,186	\$ 25,845	17.6%
OPEB Trust Fund	\$ 50,000	0.2%	\$ -	\$ 50,000	#DIV/0!
All Other	\$ 1,043,398	3.3%	\$ 1,079,699	\$ (36,300)	-3.4%
<b>Totals:</b>	<b>\$ 31,217,828</b>	<b>100.0%</b>	<b>\$ 30,166,532</b>	<b>\$ 1,051,297</b>	<b>3.5%</b>

18.5% (\$5.6M) of our costs are Budgeted to increase by 14.8% while 81.5% (\$24.5M) of our costs are budgeted to increase by 0.9%



# FY18 Budget – District Totals

## Level Service Net Operating Expense Budget

General Fund Operating Expenses					
	FY16 BUD	FY17 BUD	FY18 BUD	Difference	
Operating Expense - Gross, before offsets & Overlays	\$ 29,343,112	\$ 30,166,532	\$ 31,217,828	\$ 1,051,297	3.48%
Expense Offsets					
	FY16 BUD	FY17 BUD	FY18 BUD	Difference	
<i>Recurring Offsets</i>					
School Choice	\$ 425,000	\$ 375,000	\$ 265,000	\$ (110,000)	-29.3%
KDG Tuition	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Preschool Tuition	\$ 30,000	\$ 37,500	\$ 72,648	\$ 35,148	93.7%
Special Needs Tuition	\$ 69,010	\$ 35,000	\$ -	\$ (35,000)	-100.0%
Facilities Rental	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	0.0%
Circuit Breaker Offset	\$ 487,500	\$ 567,000	\$ 676,900	\$ 109,900	19.4%
	\$ 1,013,510	\$ 1,016,500	\$ 1,016,548	\$ 48	0.0%
<i>One-Time Offsets</i>					
Other Revolving Accounts	\$ -	\$ -	\$ -	\$ -	#DIV/0!
<b>Total Offsets</b>	<b>\$ 1,013,510</b>	<b>\$ 1,016,500</b>	<b>\$ 1,016,548</b>	<b>\$ 48</b>	<b>0.0%</b>
<b>NET OPERATING BUDGET</b>	<b>\$ 28,329,602</b>	<b>\$ 29,150,032</b>	<b>\$ 30,201,280</b>	<b>\$ 1,051,249</b>	<b>3.61%</b>



# FY18 Budget – District Totals

## Level Service Net Assessment Budget

Total Expenses					
	FY16 BUD	FY17 BUD	FY18 BUD	Difference	
General Operating Expense (Before Offsets)	\$ 29,343,112	\$ 30,166,532	\$ 31,217,828	\$ 1,051,297	3.48%
Expense Offsets	\$ 1,013,510	\$ 1,016,500	\$ 1,016,548	\$ 48	0.00%
General Operating Expenses (After Offsets)	\$ 28,329,602	\$ 29,150,032	\$ 30,201,280	\$ 1,051,249	3.61%
Debt Service Expense	\$ 1,993,488	\$ 2,129,250	\$ 2,092,860	\$ (36,390)	-1.71%
<b>TOTAL EXPENDITURES</b>	<b>\$ 30,323,089</b>	<b>\$ 31,279,282</b>	<b>\$ 32,294,140</b>	<b>\$ 1,014,859</b>	<b>3.24%</b>
Total Funding Sources					
	FY16 BUD	FY17 BUD	FY18 BUD	Difference	
<i>Revenues</i>					
Chapter 70-Base Aid	\$ 3,413,341	\$ 3,457,966	\$ 3,554,656	\$ 96,690	2.8%
MSBA Debt Service Reimbursement	\$ 1,132,065	\$ 1,132,065	\$ 1,132,065	-	0.0%
State Transportation Reimbursement	\$ 290,000	\$ 331,304	\$ 340,686	\$ 9,382	2.8%
Medicalaid Reimbursement	\$ 85,000	\$ 85,000	\$ 85,000	-	0.0%
Interest Income	\$ 4,000	\$ 4,000	\$ 4,000	-	0.0%
Prior Year Unexpended Encumbrances	\$ -	\$ -	\$ -	-	#DIV/O!
Other Non-recurring Income (Including Transp)	\$ -	\$ -	\$ -	-	#DIV/O!
Total Revenues	\$ 4,924,406	\$ 5,010,335	\$ 5,116,407	\$ 106,072	2.1%
<i>Transfers In From Other Funds</i>					
Excess and Deficiency	\$ 395,781	\$ 555	\$ 570,285	\$ 569,730	102593.6%
Total Transfers	\$ 395,781	\$ 555	\$ 570,285	\$ 569,730	102593.6%
<b>Total Funding Sources</b>	<b>\$ 5,320,187</b>	<b>\$ 5,010,890</b>	<b>\$ 5,686,692</b>	<b>\$ 675,802</b>	<b>13.5%</b>
Total Expenditures	\$ 30,323,089	\$ 31,279,282	\$ 32,294,140	\$ 1,014,859	3.2%
Less Total Funding Sources	\$ 5,320,187	\$ 5,010,890	\$ 5,686,692	\$ 675,802	13.5%
<b>NET ASSESSMENT including Debt Service</b>	<b>\$ 25,002,902</b>	<b>\$ 26,268,391</b>	<b>\$ 26,607,448</b>	<b>\$ 339,057</b>	<b>1.3%</b>
Total Town Assessments					
	FY16 BUD	FY17 BUD	FY18 BUD	Difference	
Hamilton	\$ 16,991,972	\$ 17,494,749	\$ 17,401,271	\$ (93,477)	-0.5%
Wenham	\$ 8,010,930	\$ 8,773,643	\$ 9,206,177	\$ 432,534	4.9%
<b>NET ASSESSMENT including Debt Service</b>	<b>\$ 25,002,902</b>	<b>\$ 26,268,391</b>	<b>\$ 26,607,448</b>	<b>\$ 339,057</b>	<b>1.3%</b>





# 5 Year Capital Improvement Plan Updated

## *Key Assumptions*

- **Time Frame:**
  - Covers the Five (5) Fiscal Years beginning with FY18 and ending with FY22.
- **Scope:**
  - Facilities & Grounds
  - Technology
  - Food Service
  - Athletics
  - Master Plan
- **Definition:**
  - Tangible Assets that cost at least \$10,000 and have a useful life of at least 5 years.
- **Funding Sources:**
  - For FY18, it is assumed that the ten (10) capital items being recommended will be funded through the District's Operating Budget.
  - For FY19 and beyond, funding sources have not been specifically identified and may include but are not limited to Debt Exclusions, Overrides, & Donations, as well as the District's Operating Budget.



# 5 Year Capital Improvement Plan

## Covering FY18 – FY22

Capital Projects currently being recommended for funding as part of the Operating Budget:

Department	Project	Location	FY18
Fac & Grds	Waste Water Treatment Plant	District	20,000
Fac & Grds	Replace Classroom Carpets with Tile (3)	Cut	15,000
Fac & Grds	Replace Rear Roof at Buker	Buk	20,000
Fac & Grds	Install ADA Accessible Concrete Exterior Wheelchair Ramp	Winthrop	10,000
Fac & Grds	Kiln	HS	11,500
Fac & Grds	Classroom Furniture (1 Class)	HS	15,000
Tech	iPads for Students on Scholarship and F&RL	District	17,500
Tech	Classroom Hardware Refresh 4 year cycle (iPads)	District	21,000
Tech	Classroom Hardware Refresh 7 year cycle (Laptops & Labs)	District	33,480
Tech	Replace Classroom SMARTBoards, Projectors, etc	District	37,216
<b>Total Recommended:</b>			<b>200,696</b>

In FY17, the District's Operating Budget included \$312,474 in funding for Capital Projects. This represents a decrease of \$111,778 or 35.8%.

A copy of the full detailed 5 Year Capital Plan has been provided as a separate handout.



# FY18 Budget *Timeline & Next Steps*

- October 24, 2016: October 2016 Resident Enrollment Data Distributed to Towns
- November 17, 2016: FY18 Budget Meeting #1 with Finance Committees
- December 15, 2016: Superintendent's FY18 Budget Recommendation to SC
- December 19, 2016: Superintendent's FY18 Budget Recommendation Book to SC
- January 5, 2017: FY17 Budget Discussion Continued
- January 5, 2017: School Committee Adopts Tentative FY18 Budget
- January 6, 2017: Mail Tentative FY18 Budget to Towns
- January 6, 2017: Advertise for FY18 Budget Public Hearing
- January 19, 2017: Conduct Public Hearing on FY18 Budget
- January 19, 2017: FY18 Budget Discussion Continued
- January 26, 2017: FY18 Budget Meeting #2 with Finance Committees
- February 2, 2017: FY18 Budget Discussion Continued
- February 9, 2017: FY18 Budget Discussion Concluded
- February 9, 2017: School Committee votes to Adopt FY18 Budget
- April 1, 2017: Hamilton and Wenham Annual Town Meetings

# Hamilton Wenham Regional School District

## 5 Year Capital\* Improvement Program Summary as of December 15, 2016

Department	Project	Location	FY18	FY19	FY20	FY21	FY22
Fac & Grds	New Roof	HS	-	-	-	-	3,000,000
Fac & Grds	Building Energy Management Systems	Elem Schools	-	-	-	-	210,000
Fac & Grds	Replace Recalled Sprinkler Heads	HS / MS	-	-	18,750	18,750	-
Fac & Grds	Replace Classroom Sinks, Countertops & Water bubblers	Elem Schools	-	21,000	20,000	20,000	-
Fac & Grds	Waste Water Treatment Plant	District	20,000	20,000	20,000	20,000	20,000
Fac & Grds	Repair, refinish & reline Gymnasium Floors	District	-	-	-	30,000	30,000
Fac & Grds	Building Fire Suppression System	Win	-	600,000	-	-	-
Fac & Grds	Install Keyless Entryway Swipe-card Systems	District	-	-	35,000	-	-
Fac & Grds	Install Exterior Surveillance Cameras	District	-	-	30,000	-	-
Fac & Grds	Install Main Entry & Main Office Interior Surveillance Cameras	District	-	-	25,000	-	-
Fac & Grds	Interior Classroom & Hallway Painting	Cut	-	-	30,000	-	-
Fac & Grds	Replace Classroom Carpets with Tile (6)	Cut	15,000	15,000	-	-	-
Fac & Grds	Classroom Shades	Cut, Buk, HS & MS	-	-	40,000	60,000	35,000
Fac & Grds	Emergency Generator	Buk & Admin Bldg	-	-	-	-	40,000
Fac & Grds	Autoscrubbers (4) & Floor Burnishers (1)	District	-	15,000	25,000	15,000	15,000
Fac & Grds	Replace flooring in HS Fitness Center	HS	-	-	-	-	15,000
Fac & Grds	Equipment for HS Fitness Center	HS	-	20,000	-	-	-
Fac & Grds	Replace Rear Roof at Buker	Buk	20,000	30,000	-	-	-
Fac & Grds	Install ADA Accessible Concrete Exterior Wheelchair Ramp	Winthrop	10,000	-	-	-	-
Fac & Grds	Install ADA Accessible Handicap Lifts/Ramps for school stages	Win & Buk	-	30,000	-	-	-
Fac & Grds	Project Adventure Course Upgrades	HS / MS	-	-	15,000	-	-
Fac & Grds	Replace front sidewalks at Middle School	MRMS	-	-	-	-	60,000
Fac & Grds	Replace Ceiling Tiles in Primary Wing Classrooms & Hallway	Winthrop	-	-	10,000	-	-
Fac & Grds	Repair sidewalks and curbing at Admin Bldg	Admin	-	-	15,000	-	-
Fac & Grds	Upgrade, repair and install Intercom systems	Various	-	-	24,000	-	-
Fac & Grds	Kiln	HS	11,500	-	-	-	-
Fac & Grds	Replace Sound System in gymnasium	HS / MS	-	20,000	-	-	-
Fac & Grds	Classroom Furniture (1 Class)	HS	15,000	-	-	-	-
Tech	iPads for Students on Scholarship and F&RL	District	17,500	17,500	17,500	17,500	17,500
Tech	Classroom Hardware Refresh 4 year cycle (iPads)	District	21,000	42,000	105,000	70,000	63,000
Tech	Classroom Hardware Refresh 7 year cycle (Laptops & Labs)	District	33,480	47,470	68,450	92,430	53,955
Tech	Classroom Chromebooks 4 year cycle	District	-	18,000	-	18,000	-
Tech	Classroom Chromebooks (MRMS New)	District	-	18,000	-	-	-
Tech	Upgrade Wireless Access Points including wiring	District	-	-	49,920	-	-
Tech	Replace Phone System with new VoIP System	HS / MS	-	-	-	-	47,000
Tech	Replace Backup Server / Services	District	-	52,000	-	-	-
Tech	Replace VMware Server and Licenses	District	-	-	113,000	-	-

**Hamilton Wenham Regional School District  
5 Year Capital\* Improvement Program Summary as of December 15, 2016**

Department	Project	Location	FY18	FY19	FY20	FY21	FY22
Tech	Replace Network Area Storage Arrays	District	-	-	-	207,000	-
Tech	Replace Network IDF	District	-	-	-	-	72,000
Tech	Replace Classroom SMARTBoards, Projectors, etc	District	37,216	74,432	74,432	74,432	-
Tech	Upgrade Auditorium Theatrical Electrical Systems	HS	-	75,000	-	-	-
Tech	Replace Auditorium Lighting Control Console	HS	-	17,000	-	-	-
Tech	Auditorium HD Projector, Projection Screen & Monitors	HS	-	50,000	-	-	-
Tech	Install redundant line for Internet Connectivity	District	-	32,000	-	-	-
Food Svc	Kitchen Equipment	District	-	43,628	149,597	115,107	65,243
	<b>Total Recommended:</b>		<b>200,696</b>	<b>1,258,030</b>	<b>885,649</b>	<b>758,219</b>	<b>3,743,698</b>
Master Plan	Architect & Design Fees (Master Plan)	District	-	25,000	-	-	-
Master Plan	Classroom Furniture (Master Plan)	District	-	800,000	-	-	-
Master Plan	HS/MS Library Media Center Renovation (Master Plan)	HS / MS	-	-	1,000,000	-	-
Master Plan	MS Maker Spaces Renovation (Master Plan)	MS	-	-	-	300,000	-
Master Plan	Elementary Library Media Center Renovations (Master Plan)	Elem Schools	-	-	-	300,000	-
	<b>Subtotal Master Plan:</b>		<b>-</b>	<b>825,000</b>	<b>1,000,000</b>	<b>600,000</b>	<b>-</b>
Athletics	Turf Fields Placeholder	District	-	-	-	-	2,694,000
	<b>Totals:</b>		<b>\$ 200,696</b>	<b>\$ 2,083,030</b>	<b>\$ 1,885,649</b>	<b>\$ 1,358,219</b>	<b>\$ 6,437,698</b>

- A "green" shaded entry in FY18 denotes the expense has been incorporated into the FY18 Operating Budget Recommendation.

\* - Tangible assets or projects that cost at least \$10,000 and have a useful life of at least 5 years.

Note - The final principal and interest payment for the HS/MS Project is due in May 2019. Net annual Debt Service Expense Costs associated with that Project are ~\$714,000.